

United States District Court  
Northern District of California

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

TESSERA, INC.,  
Plaintiff,

v.

UTAC (TAIWAN) CORPORATION,  
Defendant.

Case No. [5:10-cv-04435-EJD](#)

**ORDER DENYING MOTION FOR  
LEAVE TO FILE SECOND AMENDED  
COMPLAINT**

Re: Dkt. Nos. 233, 234

Presently before the Court is Plaintiff Tessera, Inc.’s (“Tessera” or “Plaintiff”) Motion for Leave to File Second Amended Complaint (“Motion”). Docket Item No. 234. Federal jurisdiction arises pursuant to 28 U.S.C. § 1332(a)(2). This matter is suitable for decision without oral argument pursuant to Civil Local Rule 7-1(b). Accordingly, the hearing scheduled for May 21, 2015, is VACATED. Having carefully considered the pleadings filed by the parties, the Court finds, concludes and orders as follows:

1. Most motions to amend the pleadings are initially subject to the liberal standard for amendments contained in Federal Rules of Civil Procedure 15. Fed. R. Civ. P. 15(a)(2) (“The court should freely give leave [to amend] when justice so requires.”); Morongo Band of Mission Indians v. Rose, 893 F.2d 1074, 1079 (9th Cir. 1990). But here, the court-imposed deadline for amendments to the pleadings expired before this motion was filed. As such, Plaintiff’s motion is preliminarily governed by Rule 16 rather than Rule 15. Johnson v. Mammoth Recreations Inc.,

1 975 F.2d 604, 607-608 (1992).

2 2. Under Rule 16, Plaintiff must initially demonstrate sufficient “good cause” to  
3 modify the scheduling order so as to allow for the late amendments. See id.; see also Fed. R. Civ.  
4 P. 16(b)(4) (“A schedule may be modified only for good cause and with the judge’s consent.”). If,  
5 and only if, the requisite good cause is shown, the court then turns to an examination of the  
6 relevant factors under Rule 15. Hood v. Hartford Life & Accident Ins. Co., 567 F. Supp. 2d 1221,  
7 1224 (E.D. Cal 2008); Johnson, 975 F.2d at 609 (“If that party was not diligent, the inquiry should  
8 end.”).

9 3. In examining this matter, the Court must be mindful of what can constitute “good  
10 cause” under Rule 16. “Unlike Rule 15(a)’s liberal amendment policy which focuses on the bad  
11 faith of the party seeking to interpose an amendment and the prejudice to the opposing party, Rule  
12 16(b)’s ‘good cause’ standard primarily considers the diligence of the party seeking the  
13 amendment.” Johnson, 975 F.2d at 609. “The district court may modify the pretrial schedule if it  
14 cannot reasonably be met despite the diligence of the party seeking the extension.” Id. (internal  
15 quotations omitted). “[N]ot only must parties participate from the outset in creating a workable  
16 Rule 16 scheduling order but they must also diligently attempt to adhere to that schedule  
17 throughout the subsequent course of the litigation.” Jackson v. Laureate, Inc., 186 F.R.D. 605,  
18 607 (E.D. Cal. 1999).

19 4. Having considered the positions of both parties, the Court has concluded that  
20 Tessera has not met its burden under Rule 16. First, Tessera filed this suit in September 2010  
21 against Defendant UTAC Corporation (“UTAC” or “Defendant”) and UTAC moved to dismiss  
22 Tessera’s Complaint for failure to state a claim. Dkt. No. 36. On March 28, 2012, the Court  
23 granted UTAC’s motion, ruling that the patent license agreement (“PLA”) “makes clear that  
24 UTAC’s duty to pay royalties is conditioned upon UTAC actually making products that the [PLA]  
25 covers” and that Tessera’s Complaint “lacks any allegation that UTAC made a product that would  
26 have triggered the obligation to pay royalties.” Dkt. No. 75 at 4. Tessera then filed its First  
27 Amended Complaint (“FAC”), in which Tessera alleged that UTAC “is obligated to pay royalties  
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to Tessera on products made by UTAC Taiwan that meet the definition of TCC packages.” See Declaration of David H. Herrington (“DHH”) Ex. 3 at ¶¶ 11, 15, 17, 22-24, 36. The FAC did not allege or contain anything regarding UTAC’s testing-only services.

5. On June 26, 2012, the Court entered a Case Management Order requiring that any further amendments to the pleadings be filed within sixty days. Dkt. No. 92 at 1. At that stage, Tessera did not seek to further amend its Complaint during that period. Following its summary judgment ruling, the Court entered a Case Management Order requiring that Tessera disclose any infringement contentions by July 8, 2014, emphasizing this deadline “will not be extended for any reason.” Dkt. No. 186 at 2. Here, Tessera’s infringement contentions did not assert any patent as allegedly covering UTAC’s testing-only services. See DHH Ex. 4 at 1-6.

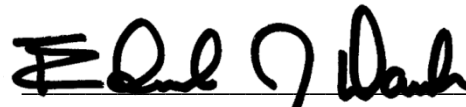
5. In April 2014, after the Court issued its summary judgment ruling rejecting Tessera’s proposed interpretation of the PLA, Tessera requested discovery concerning UTAC’s testing-only services. See DHH Exs. 9, 10. UTAC responded that Tessera’s discovery was improper because “Tessera’s complaint does not, and cannot, state a claim for royalties for ‘Tested Packages.’” See DHH Ex. 5 at 10. Even at this stage, Tessera did not try to amend its Complaint to add such a claim, but instead filed a motion to compel discovery. However, Magistrate Judge Lloyd denied the motion, because Tessera’s amended Complaint did not assert a claim against UTAC’s testing-only services. Dkt. No. 225. Tessera now seeks to overcome the Magistrate Judge Lloyd’s ruling by moving for leave to amend a claim against UTAC’s testing-only services. Dkt. No. 234.

6. Here, Tessera does not satisfy its burden to establish good cause under Fed. R. Civ. P. 16 to be excused from the Court’s deadline for amending pleadings, which expired more than two years ago. Dkt. No. 92 at 1. Tessera argues that it received Judge Lloyd’s order on January 30, 2015 and filed its motion seeking to amend its Complaint less than one week later on February 5, 2015. Dkt. No. 234. As such, Tessera asserts that there are no cases cited by UTAC holding that “moving for leave six days following the receipt of new information demonstrates lack of diligence.” See Dkt. No. 267-4 at 4. However, Tessera has known, at least since the

1 parties' PLA was signed in 2001, that UTAC has two separate businesses: (1) it makes  
2 semiconductor packages; and (2) it provides testing services on packages made by other  
3 companies, referred to as "testing-only services." See Dkt. No. 262-34 at 1. Tessera attempts to  
4 assert a claim against UTAC's testing-only service now, more than four years after it filed this suit  
5 and nearly two and half years after the Court ordered deadline for any amendments to the  
6 pleading. See id. at 5. The delay, however, is measured from the date Tessera filed this suit more  
7 than four years ago or from the Court ordered deadline for any amendments that expired more than  
8 two years ago because Tessera has known that UTAC has two separate businesses. Therefore, the  
9 Motion is DENIED because Tessera does not satisfy the good cause showing required under Rule  
10 16.

11 **IT IS SO ORDERED.**

12 Dated: May 26, 2015

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14 EDWARD J. DAVILA  
15 United States District Judge  
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